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FINANCE FACTS

A Monthly Publication on Consumer Financial Behavior

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NOVEMBER 1980

PERSONAL INCOME AND OUTLAYS

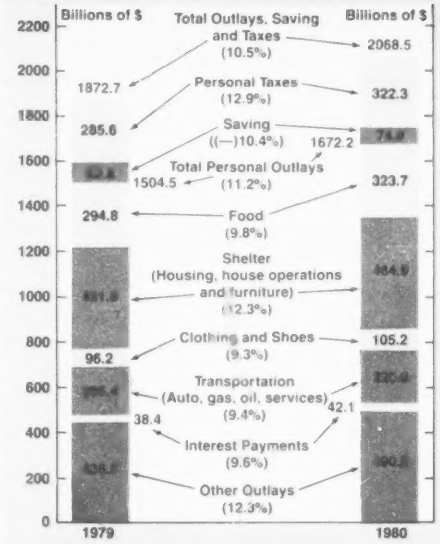
In third quarter 1980, personal income (personal outlays, taxes and saving) was up approximately 3% from second quarter; personal outlays slightly more; salaries and wages, personal taxes and contributions for social insurance up somewhat less. Transfer payments were up about 10% and personal saving down over 3%. Relative changes in third quarter are similar to those shown in more detail for comparison of first half 1980 with first half 1979.

Total personal outlays were 11.2% more in first half 1980 than for same period 1979. Personal outlays for food were 9.8%, and shelter 12.3% more. Spending on clothing and shoes increased 9.3%, transportation up 9.4%, and all other goods and services 12.3%. Interest payments to business were 9.6% higher. Personal taxes were 12.9% higher. Social insurance tax paid by individuals were up 9.1%. For same time period transfer payments increased 12.9%, while wages and salaries and other labor income increased 9.4%. Personal saving was 10.4% less in first half 1980 than in first half 1979.

Consumer prices averaged 14.3% higher in first half 1980 than in first half 1979. By contrast, spendable average weekly earnings were 6.0% higher.

Personal Outlays, Taxes and Saving 1st half 1980 and 1st half 1979

(Percent change in parentheses)



Note: Parts may not add to totals due to rounding.
Source: U.S. Department of Commerce, U.S. Department of Labor.

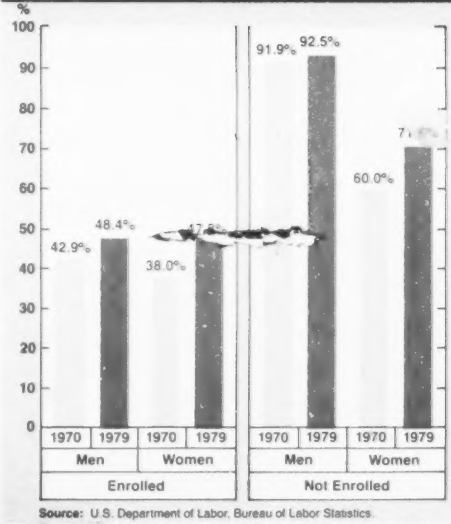
STUDENTS AND WORK

Employment situation for 16-24-year-old youths enrolled in school was about same in October 1979 as year earlier, Bureau of Labor Statistics reported. Among out-of-school youths, unemployment had risen for first time since 1974-75 recession. Increased burden fell primarily on high school graduates who had not gone on to college; their unemployment rate rose from 8.7% to 9.8%.

Labor force participation rates in October 1979 for recent high school graduates continued close to peak levels reached in 1977—42% among those in college and 87% among those not in college. Youth enrolled full time in college had labor force rate of 39%, but rate for part-time college students (84%) almost matched that of recent high school graduates no longer in school. Unemployment edged upward among all recent graduates, whether or not enrolled in school.

During 1970's, proportion of students participating in the labor force rose about 6 percentage points for men and 10 percentage points for women. This growth largely reflects the recent enrollment increase in 2-year colleges. Despite the increases in participation among students, 7 out of 10 of the 16-to-24-year-olds in the labor force were not enrolled in school either in 1970 or 1979. Labor force participation rates of nonstudent youths edged up slightly for men, from 92% to 93%, and increased sharply for women, from 60% to 72%

Labor Force Participation Rates of Men and Women Aged 16-24 Years, October 1970 and October 1979



Source: U.S. Department of Labor, Bureau of Labor Statistics.

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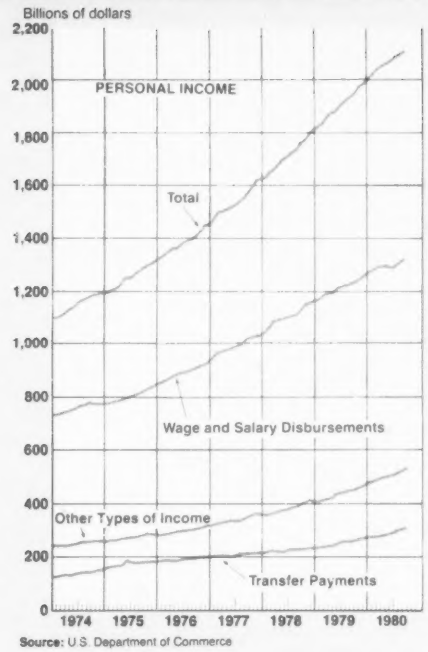
Selected Components of Personal Income
(Seasonally Adjusted at Annual Rates)



Source: U.S. Department of Commerce

PERSONAL INCOME

Personal income increased $19.8 billion in September to seasonally adjusted annual rate of $2,159.5 billion, according to U.S. Department of Commerce. In August, personal income had increased $15.5 billion.

Wages and salaries and other labor income increased $11.9 billion in September. Nonfarm proprietors' income increased $1.0 billion in September, income from rent, dividends and interest $1.6 billion, and transfer payments $5.3 billion.

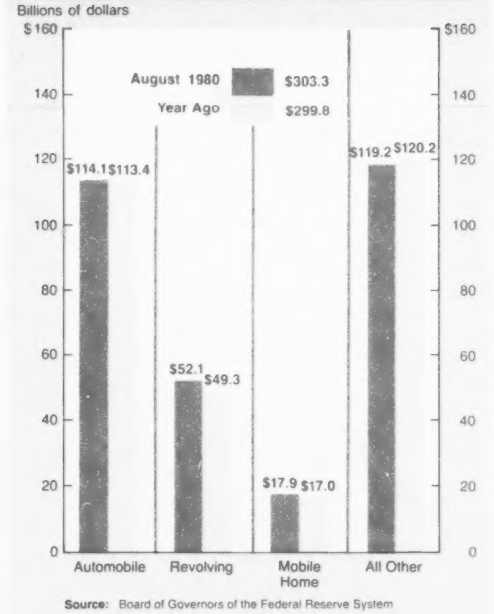
Personal outlays increased $10.9 billion in September, taxes $3.8 billion, and saving $5.0 billion. Purchases of durable goods declined $3.5 billion. Purchases of nondurable goods increased $5.6 billion, purchases of services increased $8.8 billion.

PRODUCER PRICE INDEXES

Producer Price Index for Finished Goods edged down 0.2% from August to September on seasonally adjusted basis, U.S. Department of Labor reported. September decline followed advances of 1.7% and 1.5% in July and August, respectively. Prices for intermediate goods moved up 0.6%, somewhat less than in either of 2 preceding months. Crude material prices increased 1.3%, considerably less than in either July or August.

Nearly two-thirds of sharp slowdown in Finished Goods Price Index was caused by 0.2% decrease in food prices, which had risen about 4% in each of 2 previous months. Most of rest of deceleration was due to sharply lower prices for motor vehicles, as manufacturers closed out 1980 model year with across-the-board discounts. Small declines were also recorded for energy goods. On average, prices for other finished goods rose 0.7%, about as much as in August.

Consumer Installment Credit Outstanding



Source: Board of Governors of the Federal Reserve System
Note: Parts may not add to totals due to rounding.

CONSUMER INSTALLMENT CREDIT

Total consumer installment credit at end of August 1980, was $303.3 billion. Of this amount $114.1 billion was outstanding in automobile credit, $52.1 billion in revolving credit, $17.9 billion in mobile home credit and $119.2 billion in all other credit (consisting of other consumer goods and personal loans).

During August 1980, total installment credit outstanding increased by $1.5 billion—automobile credit increased by $0.5 billion, revolving credit up $0.8 billion, and all other up $0.3 billion.

Net increase in installment credit outstanding by type since August 1979 amounted to $3.5 billion. Of this increase, $0.7 billion was in automobile credit, $2.9 billion in revolving credit, $0.9 billion in mobile home credit but a decrease of $1.0 billion in all other credit.

Net change by institution over year was increase of $11.1 billion for finance companies; decrease of $6.5 billion for commercial banks, and $5.3 billion for credit unions; and increase of $4.2 billion for all other institutions.

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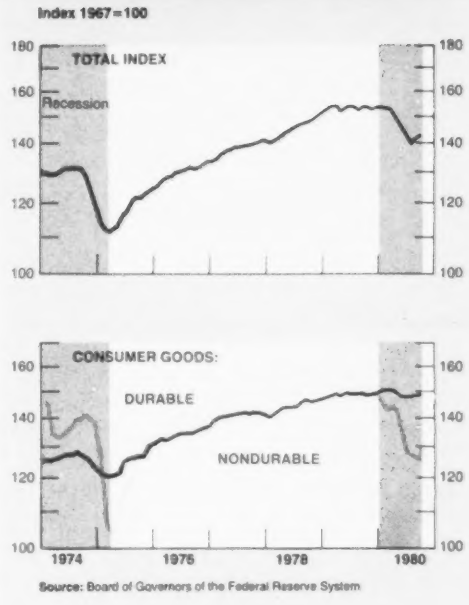
INDUSTRIAL PRODUCTION

Industrial production index increased 1.0% in September, following a 0.6% rise in August. Index had declined 8.3% from January to July. September increase reflected gains in output of consumer durable goods, defense and space equipment, construction supplies, and durable and nondurable goods materials. At 142.4% of 1967 average in September, index was 6.7% below year earlier.

Production of consumer goods rose 0.9% in September. Auto assemblies, at annual rate of 6.0 million units, increased about 7% from August level but remained 24% below year ago. Production of consumer nondurable goods was little changed, as was business equipment output.

Index of Industrial Production
by months (seasonally adjusted) 1974-1980



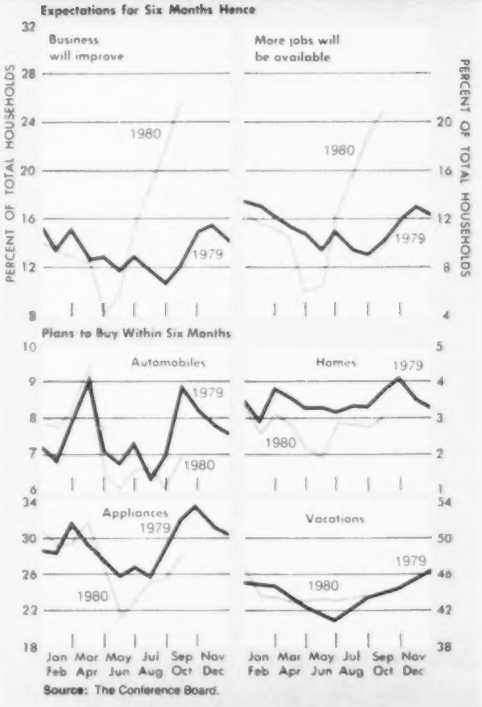
Source: Board of Governors of the Federal Reserve System

SCHOOL ENROLLMENT

In October 1979, total of 57.9 million persons 3 to 34 years old were enrolled in school, about 800,000 less than number enrolled in October 1978. Decline reflects drop in enrollment in elementary school and decline in persons of high school age. Elementary school enrollment was 27.9 million in 1979, about 600,000 below the 1978 figure. About 34 million children were enrolled in elementary school in 1970. High school enrollment totaled 15.1 million in 1979, down from about 15.7 million in 1977. Decrease in annual number of births that occurred in 1960's and early 1970's has begun to be reflected in population decline among persons of high school age (14 to 17 years old).

Women outnumbered men in college enrollment in 1979 for the first time in 34 years. Major contributing factor was larger number of older women than older men enrolled in college part time. In addition to 10 million students under 35 years old, equally divided between men and women, about 914,000 women and 487,000 men 35 years old and over were attending college (about 85% part time). More women than men were enrolled among students under 20 years old and over 34 years old, but men outnumbered women among students in mid- to late 20's (22 to 29 years of age).

Consumer Expectations and Plans To Buy



Source: The Conference Board.

CONSUMER CONFIDENCE

The Conference Board's Consumer Confidence Index (1969-1970=100) moved ahead to 75.8 in September, up almost 10 points from August, rising for fourth consecutive month. The Buying Plans Index also registered sharp gain in September, to 97.2, up from 85.7 in August. Consumer expectations for next six months are now higher than they have been in almost two years.

Looking ahead, 26% of surveyed families expect business conditions to improve, up from 22% in August. Some 21% believe job market will expand in next six months, compared with 19%. Consumer expectations now closely parallel readings during 1974 recession. Plans to buy new and used cars climbed to 7%, up from 6% in August. Home-buying plans moved ahead to 3.1% in September, compared with 2.7% in August. Plans to buy major appliances reached nearly 29%, up from about 26%.

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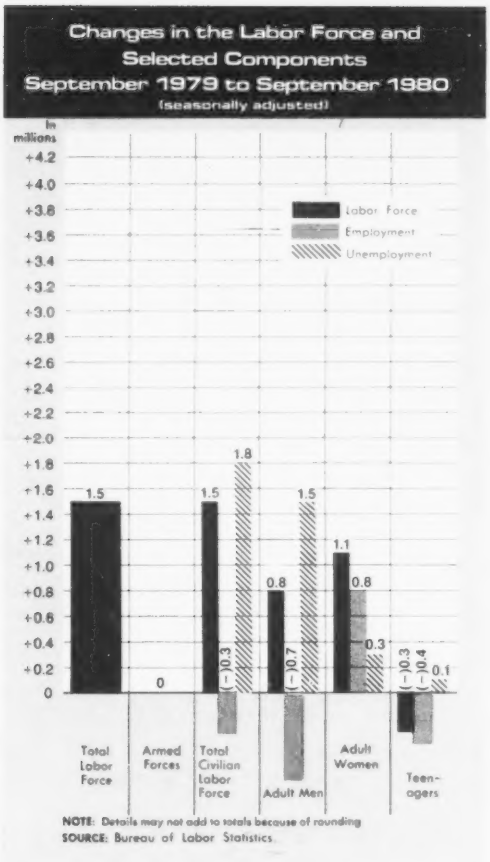

EMPLOYMENT SITUATION

Employment rose slightly in September, and unemployment edged down, U.S. Department of Labor reported. Unemployment rate was 7.5% in September, compared with 7.6% in August and 7.8% in July. Total employment was up by 200,000 to 97.2 million. Nonfarm payroll employment also rose by about 200,000 in September. Factory workweek increased for second straight month. From August to September, unemployment declined among adult women, down 0.4 percentage point to 6.1%, and teenagers, down from 19.1% to 17.5%. Unemployment rate for adult men was about unchanged at 6.7%. Rate for white-collar workers was unchanged over month, while there were improvements among blue-collar, service, and farm workers. Among major industry divisions, unemployment rates for workers in construction (16.5%) and agriculture (10.9%) fell substantially following large increases in the previous month. Median duration of joblessness, at 8.2 weeks, increased for fourth month in a row.

HELP-WANTED INDEX

The Help-wanted Advertising Index remained unchanged in August, The Conference Board reported. Seasonally-adjusted Index continued at 118 (1967 = 100), same reading as July. Since May, the Index has been inching up, reaching level three points above June figure and six points over May. However, the Index still rests 36 points below January peak of 154.

GROSS NATIONAL PRODUCT

Gross national product increased $61.7 billion, or 10.2% at seasonally adjusted annual rate, in third quarter 1980 to $2,583.0 billion, according to U.S. Department of Commerce. Real output increased 1.0% at an annual rate in third quarter, compared with decrease of 9.6% in second. Personal consumption expenditures increased $55.2 billion in third quarter, compared with decrease of $2.9 billion in second.

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